

*City of San José*

## ***Coyote Valley Specific Plan***

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### **Summary of Task Force Meeting**

**May 22, 2006**

**City Hall, Committee Rooms W118-120**

#### **Task Force Members Present**

Co-chair Councilmember Forrest Williams, co-chair Councilmember Nancy Pyle, Supervisor Don Gage, Chuck Butters, Eric Carruthers, Helen Chapman, Russ Danielson, Gladwyn D'Souza, Phaedra Ellis-Lamkins, Dan Hancock, Melissa Hippard, Doreen Morgan, Ken Saso, Steve Speno, and Neil Struthers.

#### **Task Force Members Absent**

Pat Dando, Craig Edgerton, Chris Platten and Steve Schott, Jr.

#### **Technical Advisory Committee (TAC) Members Present**

Mike Griffis (County Roads), Michele Beasley (Greenbelt Alliance), Bob Brownstein (Working Partnerships), Brian Schmidt (Committee for Green Foothills), Pat Sausedo (NAIOP), Beverly Bryant (HBANC), Dennis Martin (HBANC), and Kerry Williams (Coyote Housing Group).

#### **City and Other Public Agencies Staff Present**

Maureen O'Malley-Moore (Office of Supervisor Don Gage), Lee Wilcox (Council District 10), Frances Grammer (Council District 2), Laurel Prevetti (PBCE), Sal Yakubu (PBCE), Susan Walsh (PBCE), Sylvia Do (PBCE), Regina Mancera (PBCE), Leslye Krutko (Housing), Mike Meyer (Housing), and Rebecca Flores (Housing).

## **Consultants Present**

Doug Dahlin (Dahlin Group), Roger Shanks (Dahlin Group), Bill Wagner (HMH Engineers), and Eileen Goodwin (Apex Strategies).

## **Community Members Present**

Jaime Angulo, Betsy Arroyo, Pete Benson, Suzanna Beouchan, Brian Boxall, Chris Block, Roger Costa, Consuelo Crosby, Jo Crosby, Robert Eltgroth, Tom Fink, Robert Freiri, Janet Hebert, Paul Hebert, Virginia Holtz, Steve Johnson, Monica Kessling, Rick Linquist, Sarah Muller, Jack Nadean, Irwin Ordonez, Bud O'Hare, Sandy Perry, George Reilly, Peter Rothschild, Stephanie Schaaf, Kathleen Seebach, Martin Seebach, Pauline Seebach, Pete Silva, Sharon Simonson, Lucy Valencia, Don Weden, and Kim Weden.

### **1. Welcome**

The meeting convened at 5:33 p.m. with co-chair Councilmember Forrest Williams welcoming everyone to the 45<sup>th</sup> Coyote Valley Specific Plan (CVSP) Task Force meeting.

### **2. Acceptance of May 8, 2006 Task Force Meeting Summary**

Co-chair Councilmember Nancy Pyle called for a motion to accept the May 8, 2006 Task Force meeting summary. In regards to page 4 of the meeting summary, Task Force member Steve Speno clarified that the CVSP would generate an annual, not a cumulative, fiscal surplus of \$47 to \$68 million at build-out.

The May 8, 2006 Task Force meeting summary will be revised to reflect the aforementioned comment. The motion passed unanimously.

### **3. Acceptance of May 1, 2006 North and Mid-Coyote Valley Property Owners Meeting Summary**

Councilmember Williams called for a motion to accept the May 1, 2006 North and Mid-Coyote Valley property owners meeting summary. The motion passed unanimously.

#### **4. Acceptance of May 11, 2006 Community Meeting Summary**

Councilmember Williams called for a motion to accept the May 11, 2006 community meeting summary. The motion passed unanimously.

#### **5. Review of Updated Draft Affordable Housing Program**

Laurel Prevetti, deputy director of the Department of Planning, Building and Code Enforcement, stated that the purpose of the presentation was to obtain input on the updated draft CVSP Affordable Housing Program. She introduced Mike Meyer, Deputy Director of the Housing Department, Bob Brownstein of Working Partnerships USA, Dan Hancock of the CVSP Task Force, and Chris Block of Charities Housing Development Corporation.

Mike Meyer reminded the Task Force that the Housing Department presented a draft proposed Affordable Housing Program at the March 13, 2006 Task Force meeting. The Housing Department's proposal at that time emphasized the importance of affordable housing in Coyote Valley and that affordable housing be integrated with market-rate units. The Housing Department also expressed concern that the Affordable Housing Program should not be too onerous to administer over the years. Based on the direction from the March 13 Task Force meeting, staff convened additional meetings of the Affordable Housing Focus Group and created a sub-committee of experts in affordable housing, development, and finance. Mike reported that tonight's presentation on the draft Affordable Housing Program represents a collaborative effort between City staff, housing advocates, and housing developers. The Affordable Housing Program is supported by staff, the focus group, and the affordable housing sub-committee.

Bob Brownstein reviewed the goals for affordable housing in Coyote Valley. The goals are to create an exceptional standard for affordability; create a plan that generates housing opportunities for residents at all income levels, including Extremely Low Income (ELI) persons; create a community that integrates affordable and market-rate units; create a plan that is financially feasible for non-profit developers, market-rate developers, and the City; and create a policy framework that is fiscally sound throughout the build-out of Coyote Valley. He discussed the various affordability levels in Coyote Valley. Of the total 5,000 affordable units, 80 percent will be rental units and 20 percent will be ownership units. There will be a total of 4,000 rental units, of which 1,500 units will be for ELI persons, 1,400 units for Very Low Income (VLI), and 1,100 units for Low Income (LI). There will be a total of 1,000 ownership units, which consist of 100 VLI units, 250 ELI units, and 650 moderate income (MOD) units. These numbers reflect an assumed 25,000 total units and would be proportionally higher if the total new units in Coyote Valley are higher.

Dan Hancock stated that the Affordable Housing Program includes an inclusionary component and a land bank and in-lieu fee component. There will be a total of 1,400 inclusionary units, which consist of 500 rental units and 900 ownership units. The land bank and in-lieu fee strategy

will create a total 3,600 units, which consist of 3,500 rental units and 100 very low income ownership units. 88 acres of land will be dedicated for rental housing and 5-7 acres will be dedicated for VLI ownership housing. In addition to the land dedication, market-rate developers will also contribute in-lieu fees of \$20,000 per affordable unit, for a total of approximately \$70 million. The affordable housing sites will be pre-designated based on specific criteria and geographically distributed so as not to create an over-concentration of affordable housing. Property owners will be compensated if they are required to dedicate more than their “fair share” of land for affordable housing.

Chris Block indicated that San Jose has become a national leader in the production of affordable housing. The proposed Affordable Housing Program will create a balanced community that will incorporate affordable housing from the beginning. Chris explained the implementation strategy of the Affordable Housing Program. Affordable units will be constructed concurrent with the development and phasing of all market-rate housing in Coyote Valley. The affordable housing sites will be pre-identified and the affordable housing units would be indistinguishable from market-rate units. Although MOD, LI, and VLI units will be created by the CVSP, additional funding is needed to deepen the affordability of VLI units to ELI levels. The proposed program would allow projects in Coyote Valley to compete for City funds in order to increase the level of affordability from VLI to ELI. However, no more than 20 percent of City Redevelopment housing funds will be available to subsidize ELI units in Coyote Valley. The rationale for using City funding to subsidize ELI units is because ELI units are a shared community benefit.

Leslye Krutko, Director of the Housing Department, explained that the next steps in the CVSP affordable housing process include: developing a program for the oversight and administration of land dedication and in-lieu fees; identifying affordable housing sites, and to continuing to identify funding sources for ELI units.

The Task Force provided the following questions and comments. Please note that comments are shown first, followed by responses in italics):

- Commended the affordable housing focus group for coming up with a creative and innovative program.
- The Affordable Housing Program makes Coyote Valley worthy of development. Excited about the commitment to ELI units that many people will rely on.
- How long will the ELI and VLI units remain at their affordability level? *Leslye explained that the affordability term is 55 years for rental units and 45 years for ownership units.*
- How was it concluded that ELI is a shared community responsibility? *Leslye stated that it is possible to provide VLI units through the inclusionary process, but it would require additional subsidy to reach the ELI affordability level.*
- Coyote Valley is envisioned as a livable and walkable community. There is a demand for VLI and ELI housing. How will the plan ensure that those who live in Coyote Valley’s affordable housing units also work in Coyote Valley? *Chris indicated that marketing strategies can help ensure that people will live and work in Coyote Valley.*

- What is the back-up plan if the Redevelopment Agency (RDA) no longer exists? *Bob indicated that he does not expect the RDA to completely disappear. If the RDA no longer exists, additional resources would need to be generated to provide affordable housing. Santa Clara County may have additional resources to provide affordable housing with the approval of Measure A.*
- This is an ambitious program given that it is not in a Redevelopment area. Coyote Valley is an opportunity to achieve more affordable housing than we ever have before. It is important to recognize that it will take other funding sources to reach our goals for ELI units.
- Recommended looking at multiple options of providing ELI units rather than relying on one option.
- Is it possible to use the “equity share” generated from re-sale of affordable for-sale units to fund ELI units? *Leslye indicated that it is possible. For example, first phase ownership units may be able to help finance fourth phase ELI units.*
- In addition to City subsidy, how many other funding sources are needed to achieve the ELI goal? Is funding really limited to local sources? *Leslye indicated that the assumption that is being made is that the current level of funding available from state and federal sources will be maintained. To fill the gap will require an increase in overall resources available for affordable housing, including local resources. Bob clarified that Coyote Valley would still be able to apply to other programs and compete for grants.*
- Recommended forwarding the aforementioned information to the City Council.
- The vision for Coyote Valley to be completely self-sustaining and to provide ELI units without City subsidy seems unjustified and unreasonable. The idea of using equity share from ownership units to help finance ELI units also seems unreasonable. Recommended using the equity share to fund a continuing supply of ownership units.
- Will the ownership units maintain its affordability level in perpetuity? *Leslye indicated that although this issue still needs to be worked out, she envisions that the ownership units would be treated comparable to the City’s current practice. Affordable units can be sold to another eligible buyer, at an affordable price, or on the open market with a share of equity paid to the City. When someone moves out of an ownership unit, the equity share goes to the City and is recirculated to another buyer to purchase an affordable unit. Chris cautioned against creating a perpetual, site-specific program for ownership units. If we create resale restrictions, this may take away the ability for homeowners to benefit from the equity.*
- How will the equity share of ownership units return to the City to create other ownership units? *Leslye stated that the City has experience in this.*
- According to the draft CVSP Fiscal Impact Analysis, there is a projected 3 percent increase in the cost of housing, but only a 1 percent increase in real income. Will the equity share increase as well to maintain parity? *Leslye indicated that maintaining affordability is the City’s goal and that low income homebuyers often have to use numerous “layers” of funding to afford a home and it is expected this would occur in the future, as well.*
- Affordable units could take advantage of the walkable core area. Housing costs could be lower since they do not require as much parking. Parking accounts for 15-30 percent of housing costs. Has this been taken into account for the calculation of housing costs? *Chris explained that although there are ways to achieve cost savings to make affordable housing more cost*

*effective, the program took a conservative approach. Leslye cautioned that there needs to be sufficient parking or else people may become dissatisfied with affordable housing.*

- How will the combining or trading of inclusionary obligations work? *Leslye indicated that the details would be determined in one of the next steps of the CVSP affordable housing process.*
- The Affordable Housing Program entails a total of 93-95 acres of dedicated land. It is important that the dedicated land be valued as residential land and to the extent possible, they should be geographically integrated throughout Coyote Valley.
- In regards to the requirement that market rate developments will be required to pay in-lieu fees totaling \$70 million, we need to look at other ways than spreading the burden on a per unit basis. Need a way to achieve equity and parity.
- Affordable units currently do not pay park fees and are reimbursed to the City by Redevelopment Agency. How will this work in Coyote Valley? There needs to be equity between affordable units and MOD units. *Leslye explained that we would ask Council to exempt affordable units from park fees. It is a trade-off between parks and housing.*
- In other specific plans, parks programs are included in assessments. Envisions a similar approach for Coyote Valley.
- What are the densities of the affordable units? *Leslye stated that affordable housing will be about 40 DU/AC (dwelling units to the acre), and are typified by 3-4 story buildings. Chris indicated that from an affordable housing development perspective, this housing typology is the most efficient in terms of construction and financing costs.*
- Commended the focus group for their work and dedication. Some Coyote Valley property owners have been waiting for urban services since they were annexed about 30-50 years ago. Cautioned against taking too much from people to the point where they have no more to give. Coyote Valley is part of the City and should not be overburdened by continually stating that it should be self-sustaining and generate its own revenue. Coyote Valley benefits the entire City.
- We are in the fourth year of planning the CVSP. Should not lose sight of what we are trying to accomplish – 5,000 affordable units. Affordable housing not only benefits Coyote Valley, but also the City and the region. The City and region will also benefit from Coyote Valley's job creation, career opportunities, and income opportunities. Based on Council direction, the CVSP must be a fiscal net benefit to the City. When the fiscal issue is coupled with all of the other benefits, we have a huge opportunity. The Coyote Valley property owners' obligations are unprecedented compared to others in the City, county, and region, but we need to acknowledge that something positive is coming from this development. Need to spread the word that Coyote Valley has net fiscal benefits to the City.
- Recommended listing the Task Force's questions so that they could be answered in the next round of work around affordable housing.

The public provided the following questions and comments:

- Sandy Perry stated that the Community Homeless Alliance Ministry is an organization concerned with ending homelessness. Santa Clara County has the largest number of

homeless people in any county in Northern California. In spite of all the County's affordable housing developments, there is still a shortage of ELI units. The Affordable Housing Program should have a stronger ELI component and require that it be funded by developers, not the City. If the Affordable Housing Program fails to include a stronger ELI component, CHAM will oppose the CVSP.

- Irwin Ordonez stated that he was a member of the City's Housing Advisory Commission (HAC), a resident of Council District 2, and a housing planner for an adjacent city that cares about affordable housing. He commended the Affordable Housing Program and indicated that the affordability goals are valid and reasonable. The HAC encouraged retaining these affordability goals.
- Tom Fink, Chair of the HAC, commended the Affordable Housing Focus Group for its work. The Affordable Housing Program embodies the principles found in "On Common Ground" published by the Non-Profit Housing Association of Northern California and the Home Builders Association of Northern California. The focus group was able to find a way to finance the affordable housing based on the HAC recommendations presented to the City Council two years ago. Tom indicated that some HAC members were concerned about using City funds to fill the ELI gap. He asked the Task Force to accept the focus group recommendation.
- Brian Schmidt, with the Committee for Green Foothills, indicated that an assertion has been made that the 20 percent affordable housing requirement would benefit the whole community. This proposition can be tested by comparing the household income of families that will move into Coyote Valley to the affordability levels and goals. If affordable housing needs exceed the proposed number of affordable units, the demand for affordable housing will be more than what is currently required for Coyote Valley. Brian encouraged the City to test this assertion. In regards to the Phasing of Affordable Units section of the Affordable Housing Program, he recommended that the language be tightened to prevent the delay of affordable housing development. Brian also stated that if the City will subsidize affordable units, then it should be reflected in the Fiscal Impact Analysis. Brian corrected that 20 percent of 26,600 units is 5,320 affordable units, not 5,000 units. It is important to get this figure right in order to calculate the necessary acreage of dedicated land.
- Michele Beasley, with the Greenbelt Alliance, commended the City, Task Force, and affordable housing focus group for coming up with a creative program to fund affordable housing in Coyote Valley. The inclusion of 1,500 ELI units shows a commitment to ensuring that Coyote Valley is accessible by families from all socio-economic backgrounds. Providing housing close to where people work cuts down on commute time, improves air quality, and eases the pressure of sprawl development in Central Valley. She encouraged the Task Force to adopt the Affordable Housing Program.
- Stephanie Schaaf, with EHC LifeBuilders, stated that the Affordable Housing Program shows a leading edge commitment to 1,500 ELI units. The program is innovative and will meet affordable housing needs. The hybrid approach with land banking, in-lieu fees, and the inclusionary program will be a successful model that could be used in the future. She encouraged the Task Force to adopt the Affordable Housing Program.

- Consuelo Crosby, a South Coyote Valley Greenbelt property owner, stated that she thought the City would not allocate funds for Coyote Valley. However, the City now plans to allocate 20 percent of the City funds to subsidize affordable housing in Coyote Valley. Consuelo reemphasized that the Greenbelt is part of the CVSP and yet it is not being addressed. Nothing has been mentioned about whether there are funds available for land mitigation or whether developers have agreed to the CVSP. She asked if developers were aware of what they will be responsible for.
- Steve Johnson, with Housing for Persons with Developmental Disabilities, stated that Coyote Valley services and affordable housing should be inclusive of persons with developmental disabilities.
- Robert Freiri, executive director of Silicon Valley Habitat for Humanity, appreciated that LI and VLI ownership units are part of the plan. Habitat for Humanity ensures that through their rigorous selection process and homeownership education process, the families they choose will be interested in long-term stability as homeowners. At some point, these homeowners will also receive equity share. Robert encouraged the Task Force to support the Affordable Housing Program.
- Betsy Arroyo, with the Santa Clara County Collaborative on Affordable Housing and Homelessness, stated that the organization represents 100 non-profit agencies committed to providing housing to ELI residents. The Affordable Housing Program recognizes the need to provide affordable units for families of all income levels. The program's hybrid approach of land dedication, in-lieu fees, and the inclusionary program will meet affordable housing needs. It will also serve as a national model for affordable housing programs. The program represents a commitment by the development community and has the support of housing advocates and market-rate and non-profit developers. Betsy encouraged the Task Force to adopt the Affordable Housing Program.
- Beverly Bryant, with the Home Builders Association of Northern California, stated that the Affordable Housing Program is extraordinary and demonstrates commitment to affordable housing. If the City Council approves the program, the City will have tremendous national recognition. We need to market the CVSP on the part of Coyote Valley developers and property owners.

The Task Force provided the following additional comments:

- The Affordable Housing Program is surprisingly related to the City's implementation of the Greenbelt. In order to restore and facilitate agricultural uses in the Greenbelt, farmers and agricultural workers will need access to affordable housing. Affordable housing will be one of the components that will make the Greenbelt a reality.
- Affordable housing gives us great hope to build the world-class community we have been talking about. It will help attract businesses to Coyote Valley.

Leslye stated that the next step in the CVSP affordable housing process is to have a follow-up focus group meeting to determine the subsequent direction in the Affordable Housing Program based on the Task Force discussion.



Task Force member Steve Speno made a motion to accept the update on the draft Affordable Housing Program and to incorporate any adjustment based on the Task Force discussion. Task force member Ken Saso seconded the motion and added that the jobs held by affordable housing residents should count towards the 50,000 jobs requirement for Coyote Valley. Task force member Phaedra Ellis-Lamkins called the motion to vote. The motion passed unanimously. Task force member Eric Carruthers clarified that the approved motion indicated that further work on the Affordable Housing Program will incorporate the comments raised by the Task Force and public.

## 6. Public Comments

The public provided the following questions and comments:

- Roger Costa, a Coyote Valley property owner, commended the Focus Group for its efforts and its recommendation for affordable housing in Coyote Valley. He encouraged the Task Force to be very discerning in its analysis and very rigorous in its questioning not only in regards to affordable housing, but all of the issues coming forth. North and Mid-Coyote Valley property owners have been asked to dedicate 35 percent of their property for public infrastructure. Based on the affordable housing proposal, he estimated that property owners may need to dedicate an additional 3 percent, a figure that does not take into account additional fees or other issues that have not been discussed yet, such as medical clinics, agricultural mitigation, and Greenbelt preservation. The Silver Creek community and the Miramonte housing development being built north of Coyote Valley along Highway 101 do not have an affordable housing component. High-density residential projects in downtown are also exempt from affordable housing requirements and yet Coyote Valley has a 20 percent affordability requirement. Roger was concerned that overburdening property owners would not result in forward progress.
- Jo Crosby, a South Coyote Valley Greenbelt property owner, asked City staff, Task Force members, and meeting attendees to read the editorial section of the May 22, 2006 issue of the San Francisco Chronicle.
- Brian Schmidt, with the Committee for Green Foothills, would like the Task Force to be provided with the May 16, 2006 CVSP Technical Advisory Committee meeting summary. *Staff will include the TAC meeting summary in the June 12, 2006 Task Force meeting packet.*
- Brian Boxall, president of the Association for the Mentally Retarded at Agnews, indicated that when their facility closes in 2008, there would be 300 profoundly retarded and medically fragile individuals searching for housing, and medical, dental, and other clinical support. Although the timing of the Agnews facility closure is not contiguous with the CVSP, he hopes that Coyote Valley will have residential and medical services to meet the needs of developmentally disabled individuals.

## **7. Adjourn**

Councilmember Williams reminded the Task Force members to pick up their new Task Force meeting binders and adjourned the meeting at 7:23 p.m.

The next Task Force meeting will take place on June 12, 2006.

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